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<b>Subject:</b>	Siemens Open Commercial Issues
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Mr. Lewis:

Following is our response to the open commercial issues that you communicated to us.

**Flash Memory Pricing:**

We will continue working with Delphi to realize a better cost solution. We appreciate the commercial feedback you gave. We have not been able to find another microprocessor that meets your specification requirements. Tell us who these microprocessor suppliers are and if we agree that we can meet your specifications with their micro we will gladly pass-on the commercial benefits, assuming that this other micro supplier gives them to Siemens. Nevertheless, at this time we are not able to make any further adjustments with the price of our micro or Flash option with our current supplier.

**DCB9 Development:**

Siemens recognizes your position in this area. You must agree that we will not consider signing this document until after we have been sourced the Scenario-1 DCB7.4 programs, as your development letter does not tie the two programs together. And, even with sourcing, we have some strong concerns and request the following conditions. With sourcing of the DCB7.4, we will work with you to finalize the specifics.

\* Please appreciate that this is going to be very expensive. We cannot agree to absorb this. We request Delphi to equally share in these costs in a timely manner. And, If Delphi does not realize the final production program with its customers, we need for Delphi to pay 100% of the development costs that Siemens realized.

\* The development contract needs to state that Siemens will be awarded this program as long as we are competitive. Please give Siemens Rights-of-Last-Refusal on the production sourcing for doing the development.

**Confidentiality with D.E. Engineering:**

Based upon the installation of a "fire-wall", Siemens does not consider this a barrier when Siemens is sourced the DCB7.4 program.

**Nomination Letter -vs- LTC:**

We will accept a Nomination Letter to kick-off this program. Please include that Delphi accepts the full costs of all development work, tooling, etc... in the event the program is not realized. This protects Siemens in the event we get six months into the development with Delphi not realizing

sourcing from your customers.

**Software Changes:**

We recognize that Delphi may have multiple part numbers. This is not a problem. The \$2500 charge is for those part number / software changes which occur after design freeze.

**Power Moding Directional Cost:**

We estimate a cost impact of \$0.60 per unit.

**Service Pricing:**

Still under evaluation.

Mike Tramutolo  
Account Manager

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